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FRED HALLFORD
STAFF DIRECTOR

SELECT COMMITTEE ON EXPORT CONTROL

OF THE

HOUSE OF REPRESENTATIVES OF THE UNITED STATES
EIGHTY-SEVENTH CONGRESS
WASHINGTON 25, D.C.

September 27, 1962

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Honorable George W. Ball
Under Secretary of State
Department of State
Washington 25, D. C.

Dear Mr. Secretary:

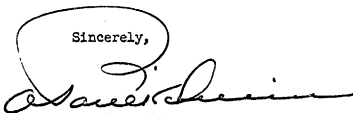
I want to thank you for your courteous acceptance of my invitation to appear before this Committee in open session at 10:00 a. m., Wednesday, October 3, 1962.

As previously discussed with Mr. Dutton, the Committee is particularly interested in having you discuss the various facets of assistance rendered by free-world countries to those comprising the Sino-Soviet bloc and the shipping of various commodities of Communist bloc or free-world origin to Cuba.

In addition, the Committee is desirous of being informed as to the present status of trade between our Allies and Cuba and, in particular, the result of discussions had with our Allies to curtail exports of strategic commodities to Cuba.

The hearing will be held in Room 313-A of the Old House Office Building.

Sincerely,



A. Paul Kitchin
Chairman

APK:hh

DEPARTMENT OF STATE A/CDO/LR

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OF THE
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EIGHTY-SEVENTH CONGRESS
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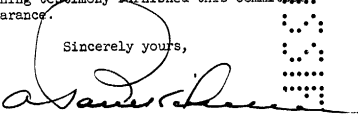
Honorable George W. Ball
The Under Secretary of State
Department of State
Washington 25, D. C.

Dear Mr. Secretary:

Transmitted herewith are two copies of the testimony recorded at the time of your appearance before the Select Committee on Export Control on October 3, 1962. It will be appreciated if you will review your testimony and make any necessary corrections and return one copy to me at your earliest convenience.

On behalf of the Committee, I want to again express appreciation for the enlightening testimony furnished this Committee at the time of your appearance.

Sincerely yours,


A. Paul Kitchen
Chairman

APK:HH

DEPARTMENT OF STATE A/CDO/MA

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DEPARTMENT

HOUSE OF REPRESENTATIVES

HEARINGS

BEFORE THE COMMITTEE

ON

EXPORT CONTROL

(SELECT COMMITTEE)

INVESTIGATION AND STUDY OF THE ADMINISTRATION;
OPERATION, AND ENFORCEMENT OF THE EXPORT
CONTROL ACT OF 1949 AND RELATED ACTS.

Wednesday, October 3, 1962
Washington, D. C.

Official Reporters to Committees

I N D E X

Statement of:

P a g e

Hon. George W. Ball,
Under Secretary of State,
Accompanied by:

Robert B. Wright,
Director, Mutual Defense Control Staff;

Robert A. Hurwitch,
Special Assistant to the Assistant
Secretary of State for Inter-American
Affairs; and

Abram Chayes,
Legal Adviser,
Department of State

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CCD

INVESTIGATION AND STUDY OF THE
ADMINISTRATION, OPERATION, AND ENFORCEMENT
OF THE EXPORT CONTROL ACT OF 1949
AND RELATED ACTS

- - -

WEDNESDAY, OCTOBER 3, 1962

House of Representatives,

Select Committee on Export
Control,

Washington, D. C.

The Select Committee met, pursuant to recess, at 10:00
o'clock a.m., in Room 313-A Cannon Building, Hon. A. Paul
Kitchin, chairman, presiding.

Mr. Kitchin. The committee will come to order.

The Chair is very gratified today to note that President Kennedy yesterday directly appealed to the Foreign Ministers of our South American neighbors for closer cooperation in our efforts to retard and eventually stop the military and economic build-up of Communist Cuba. Also, this week Secretary of State Dean Rusk has held informal talks with the Ministers of the Organization of American States, pressing the same issue. On two occasions President Kennedy has called attention to this country's concern for the movement of ocean traffic in ships registered under Allied flags supplying the Castro regime. It is very satisfying to know that the Administration is giving top level attention to

this problem which is justifiably causing nationwide concern.

The purpose of the meetings yesterday and the conclusion of the hearings today is to develop, first, the implementations, if any, of the recommendations made by this committee in its report dated May 25, 1962, and particularly with reference to the State Department, which recommendations appear on page 2 of that report in paragraphs F, G, and H.

In addition to those recommendations, on which we hope we will have comment from the Department today, we are trying at these hearings to ascertain (1) the extent of free world shipping in Cuban trade, (2) how such shipping adversely affects our national security and welfare and assists the spread of Communist international conspiracy, (3) what is being done about it, and (4) what has been accomplished in these efforts.

We are today particularly fortunate to have before this committee Under Secretary of State George W. Ball, who I believe is as well or better informed on this situation than anyone in America today.

Mr. Secretary, we are delighted to have you this morning and we look forward to your testimony.

I believe you have a prepared statement.

Mr. Ball. I do, Mr. Chairman. I would like to read it, if I may.

Mr. Kitchin. You certainly may, and you may proceed.

STATEMENT OF HON. GEORGE W. BALL,
 UNDER SECRETARY OF STATE, ACCOMPANIED BY:
 ROBERT B. WRIGHT, DIRECTOR, MUTUAL DEFENSE
 CONTROL STAFF; ROBERT A. HURWITZ, SPECIAL
 ASSISTANT TO THE ASSISTANT SECRETARY OF
 STATE FOR INTER-AMERICAN AFFAIRS; AND
 ABRAHAM CHAYES, LEGAL ADVISER,
 DEPARTMENT OF STATE

Mr. Ball. In your letter requesting me to appear here this morning, Mr. Chairman, you indicated the continuing interest of this committee in the status of trade between the Free World and the Sino-Soviet Bloc. But you emphasized particularly the trade with Cuba. Since the problem of Cuba is very much on the minds of the American people today -- and of real concern to this committee -- I shall concentrate in my prepared statement on the present trading relations between the Free World and Cuba. I shall attempt not only to describe those relations but to relate them to the larger problem which a Communist-dominated Cuba poses for the United States and the Free World.

Our policy toward Cuba is based upon the assessment that it does not today constitute a military threat to the United States. Without doubt, it is an economic burden for the Sino-Soviet Bloc. It has value to the Bloc primarily as a base for the subversive activities of international Communism in the Western Hemisphere.

The policy of the United States Government is directed toward nullifying Cuba's usefulness as a source of infection

for international Communism, while at the same time rendering it more costly for the Sino-Soviet Bloc to maintain it for that purpose.

In pursuit of this objective we have taken a series of measures both unilaterally and in collaboration with our friends and allies. These measures have already weakened the Castro regime and they have made it a pariah among the member nations of the American system.

President Kennedy summed up the present situation effectively when he recently said: "It is Mr. Castro and his supporters who are in trouble. In the last year, his regime has been increasingly isolated from this hemisphere. His name no longer inspires the same fear or following in other Latin American countries."

II

Mr. Castro's trouble is reflected in the state of the Cuban economy today.

Since the end of 1960, living standards in Cuba have fallen precipitously. By government fiat the total volume of workers' salaries has been increased and rents have been reduced, but this is an illusory achievement. The volume of goods available for purchase by the population has drastically shrunk. Per capita food consumption has declined by more than 15 per cent. In pre-Castro days Cuba was the third highest in Latin America in per capita food consumption; now

it is the seventh. The glittering promises of new and more adequate housing have proven false. Military needs have eaten into the limited construction resources.

Cuba is a rich land with a friendly climate and a fertile soil. But as always, as has been demonstrated again and again around the world, the Communists have proven themselves poor farmers. The 1962 sugar crop will be the smallest in the last six years -- and by a substantial margin. Meat supplies have declined sharply; they remain below the level prevailing before the Castro take-over. With domestic production at a low level and foodstuff imports greatly reduced, nation-wide rationing has been inevitable.

Cuba has had the world's richest sugar economy. With only the beginnings of industrialization. In pre-Castro days Cuba lived primarily by selling sugar to the United States. In her present posture of isolation she is living badly -- and then only as a dependent of the Soviet Union.

III

Cuba is isolated from the other nations of the Free World economically, politically, and spiritually.

Castro contributed to that isolation in December of 1961 by making it perfectly explicit that he was a dedicated Communist. In January 1962 the Foreign Ministers of the OAS at Punta del Este declared that the present Government of Cuba was excluded from participation in the inter-American

system. Since the Punta del Este Conference, the American States have carried out that decision. They have also established machinery to guard against subversive activities in this hemisphere.

The situation today can be summarized by a relatively few statistics. In 1958, US-Cuban trade totaled more than a billion dollars. Today it is confined to minute exports of certain nonsubsidized foods and medical supplies which amounted, during the first six months of this year, to only \$373,000 -- and those shipments were permitted only for humanitarian reasons.

In its Cuban trade, Canada in 1959 had total imports and exports amounting to over \$27 million; for the first six months of this year they amounted to less than \$7 million.

In 1959 the other Latin American countries did total trade with Cuba amounting to \$82 million; in 1961 this had fallen to \$20 million.

The nations of Western Europe have also reduced their trade with Cuba. In 1959 their exports to Cuba were approximately \$122 million. By 1961 this figure had been cut to less than half.

IV

This drying up of trade has not been an accident. It has been a deliberate response by this country and its allies to the Communist efforts to establish a beachhead for subversion.

in this hemisphere.

The process of isolating Cuba economically first began in July 1960 when the United States prohibited the further import of Cuban sugar into this country. This cost Cuba the annual amount of \$350 million in foreign exchange. Three months later we prohibited the export of United States goods to Cuba except only for the limited food and medicines mentioned above.

In February of this year, President Kennedy made the embargo on Cuban trade substantially complete, extending the embargo on sugar to all other imports, whether direct or indirect.

America's allies, both in the OAS and NATO have collaborated in limiting trade with Cuba. At Punta del Este the OAS Foreign Ministers agreed to prohibit trade with Cuba in arms and implements of war. The Council of the OAS undertook to study further trade restrictions.

Our NATO allies have prohibited the export of any military items to Cuba and they have indicated that they are not shipping any strategic items. They are also cooperating to assure that United States exports will not be diverted to Cuba through their ports.

Until early this year Japan was one of the principal Free World purchasers of Cuban sugar. As a result of discussions with the Japanese Government, the Japanese are

shifting their purchases of sugar to other Free World sources. Castro has not only been denied the foreign exchange he desperately needs but Japanese exports to Cuba are declining as well.

V

The economic isolation of Cuba has been effected not merely by cutting off credits and goods, but also by imposing restrictions on the shipping available for sustaining Cuban trade with the Bloc.

We have prohibited ships registered under the flag of the United States from transporting to Cuba commodities on the United States positive list, the United States munitions list, and items controlled by the Atomic Energy Commission. This amendment will also affect about 360 foreign flag vessels whose owners have contractually agreed not to violate the transportation order.

Moreover, bunkers are denied in United States ports to all vessels under charter to the Sino-Soviet Bloc engaged in Cuba-Bloc trade; Cuban owned or chartered vessels are also denied bunkers and ships stores in this country.

As an island, Cuba is entirely dependent upon shipping for the maintenance of its tottering economy. With the decline of the Cuban economy and with the Soviet build-up of arms and aid, ships and shipping have emerged as a special problem.

Cuba relies upon imports for most of her machinery and equipment, petroleum, steel, chemicals, wood and paper products, cotton and, to some extent, grain. Cuba is, however, a small country. Total imports to Cuba in 1961 amounted to \$641 million; exports during that year stood at \$614 million. The total trade of Cuba was therefore less than 1/2 per cent of world trade. In 1959, 2.2 per cent of Cuba's exports went to the Sino-Soviet Bloc; by 1961, 75.7 per cent went to the Bloc.

No United States flag ships have called at Cuba within the last two years. Ships calling at Cuba are of three kinds: Soviet Bloc ships, Free World ships under Free World operation, and Free World ships chartered to the Soviet Bloc. The Soviet Union has offered high rates to charter Free World ships at a time when depressed conditions in the industry have produced nearly three million tons of unemployed laid-up shipping.

These three kinds of shipping carry different sorts of cargo to Cuba. The Soviet ships carry general cargo, petroleum and arms. No other ships carry arms. The Free World ships not under charter, typically carry peacetime commodities -- food, textiles, and so forth; more important, they do not usually participate in trade between the Bloc and Cuba which, as I have noted, supplies Cuba's economic needs. That trade moves to a considerable extent on Free

World ships which have been chartered by the Soviet Union and which are used to transport Soviet Bloc cargoes though not -- to repeat -- arms or ammunition. Statistics on ships calling at Cuba harbors have recently been compiled by the Maritime Administrator. These figures show that a majority of the ships stopping in Cuba are under Free World flags, but, as a result of Soviet charter, more than a majority are under Soviet shipping orders and carrying Soviet cargoes.

As this situation has emerged, the United States Government has recognized that it should take steps to curtail or prevent the use of Free World shipping in the Soviet Bloc-Cuban trade. With this purpose in mind, the Department of State has during the last month approached our allies on this matter.

So far, five of our NATO allies have taken positive actions to restrict the availability of ships.

The Federal Republic of Germany has promulgated a new ordinance bringing all Federal Republic ship charters to Bloc countries under license and barring Cuba as a destination for such charters. It is our understanding that Canada and France have no ships presently in the Cuban trade.

Belgium is taking steps to stop all traffic with Cuba on its flag vessels. Turkey has informed this Government that it plans to put into effect measures which will assure that, in the future, no Turkish vessel will carry cargo of

any type from the Soviet Union to Cuba.

The Italian Government has assured us that no strategic goods have been transported to Cuba on Italian ships.

We are continuing to discuss this problem with our other allies, including the United Kingdom, Greece, Norway and Denmark. These are great maritime nations that depend heavily on their merchant marine for their foreign-exchange earnings -- and today there is much unemployed shipping. These nations have long and deeply-felt traditions regarding "freedom of shipping." Nevertheless, they are giving careful consideration to our requests, and have given informal advice to their shipowners in an effort to discourage them from allowing their ships to engage in strategic trade with Cuba.

VI

In spite of the progress that has been made so far, the Executive Branch of the Government is not yet satisfied that all useful measures have been taken to limit the shipping available for the maintenance of the Cuban economy. We are considering several additional measures designed to impose restrictions on the availability of shipping to Cuba.

Secretary Rusk is consulting today with the Foreign Ministers of the Organization of American States with regard to those measures. At the same time they are being discussed with our NATO allies. Because these matters are under consultation with foreign governments, it would not be proper

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for me to disclose them in public session today. I am, however, prepared to discuss them with this committee in Executive Session at this time. Or I should be glad to review them with this committee on another occasion, after the process of consultation has been completed.

While I cannot properly talk about all of the measures now under consideration, there is one which, I feel certain, will be adopted. This will be an order prohibiting ships of United States registry or ships of foreign registry owned by a United States citizen from participating in the Cuban trade. The exact terms of this order are now being worked out by our legal and shipping experts.

VII

As a result of the measures that have been taken by the United States and by the members of the OAS, NATO, Japan and other countries, Cuba today is almost totally dependent upon the Soviet Union for its economic livelihood. Three-fourths of Cuba's trade is with the Communist Bloc, and this percentage is increasing as other channels of trade dry up.

In the last few weeks we have read much in the newspapers of the military build-up of Cuba by the Soviet Union. Quite clearly it does not constitute a threat to the United States.

Since July, when the volume of Soviet military shipments to Cuba suddenly vaulted upward, 85 shiploads arrived in Cuban ports. Many of them carried military items, supplies and

personnel. These shipments have consisted, in part, of types of weapons previously delivered to the Cuban armed forces, including more tanks, self-propelled guns, and other ground force equipment. The major tonnage in recent shipments, however, has been devoted to SA-2, surface-to-air missiles (SAMs) -- together with all the related gear and equipment necessary for their installation and operation. To date, 15 SAM sites have been established in the island. We estimate the total may eventually reach 25. These are anti-

aircraft missiles having a slant range of 20 to 25 miles.

In addition, three and possibly four missile sites of a different type have been identified. These sites are similar to known Soviet coastal defense missile sites that are believed to accommodate anti-shiping missiles with a range of 20-35 miles. Quite likely several more such sites will be installed.

Cuba is now estimated to have 60 older type MIG jet aircraft. In addition, at least one advanced jet-interceptor has recently been received, and probably several more are in the process of assembly. This type of advanced jet-interceptor is usually equipped with infrared air-to-air missiles. We estimate that the total of these advanced interceptors in Cuba may eventually reach 25 to 30.

In addition, 16 "Komar" class guided missile, patrol boats which carry two short-range missiles (11-17 miles) were

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included in recent shipments.

About 4,500 Soviet military specialists have arrived, including construction men and technicians.

VIII

Unpleasant as may be the spectacle of a Communist-dominated island just off our shores, we should not overlook the fact that Cuba is, at the moment, a small, enfeebled country with an incompetent government, a limping economy and a deteriorating standard of living. The crash efforts of the Soviet Union to provide the Castro regime with economic technicians and to build up its military defenses is a demonstration of Cuban weakness. Because of the desperate plight of the Cuban economy, Cuba's isolation from the other nations of the hemisphere and the fear which that isolation has engendered, the Cuban Government has turned itself into a dependency of Moscow.

We may take the events of the past month -- regrettable as they may be in many ways -- as evidence of the essential soundness of the strategy of isolation that we have pursued toward Cuba over the past two years. The additional measures now under consideration with respect to Cuban shipping are part and parcel of that same strategy.

We propose to continue along these lines, taking new measures as the developing situation may require. But in pursuing this policy -- as in pursuing any policy -- the

United States must never forget that it is engaged in a world-wide struggle and that no policy can be regarded as an end in itself or as existing apart from the whole complex of relationships which give the Free World its strength.

And, as President Kennedy has made clear, we shall not rely solely on the impact of political and economic isolation for our protection. If, contrary to the present evidence, it should ever appear that the Soviet Union is succeeding in making Cuba a threat to the security of this country ~~or~~ this hemisphere, we are prepared to take the necessary action -- whatever it may be.

Mr. Kitchin. Thank you very much, Mr. Secretary. I know there will be several questions the committee will want to ask. I would like to lead off with some clarifying questions referring to your statement.

On page 1, second paragraph, you state: "Our policy toward Cuba is based upon the assessment that it does not today constitute a military threat to the United States."

I assume that is consistent with the prior statements of the President, and that the situation has not changed since those statements of the President up to this moment.

Mr. Ball. That is correct, Mr. Chairman.

Mr. Kitchin. In assessing the military threat to the United States, I assume you base that statement, and so has the Administration, the Executive Branch, on the lack of

an aggressive and offensive type of base being established in the island of Cuba.

Mr. Ball. That is right. Our information with regard to the availability of armament to Cuba, including the shipments which have been received in the recent build-up, is, we believe, quite complete. Our intelligence is very good and very ^{hand.} ~~high.~~

All the indications are that this is equipment which is basically of a defensive capability, and that it does not offer any offensive capabilities to Cuba as against the United States or the other nations of the hemisphere.

Mr. Kitchin. Then we are speaking in context here, if I might make this statement, of the geographical areas when we say the United States. I am positive in my own mind, and I think probably you will agree, that some of the so-called defensive weapons could be used very effectively on Guantanamo.

Mr. Ball. ^{Yes.} ~~Obviously~~, the geography is different so far as Guantanamo is concerned.

Mr. Kitchin. Anything that constitutes a threat to our naval base at Guantanamo is, of course, in my opinion, a threat to the security of the country.

Mr. Ball. We would regard it as that, without question. I think that qualification is very well noted, Mr. Chairman.

Mr. Kitchin. Information has come to my hand -- how

true or not, and how authentic it is, I will have to rely on your statement -- that Cuba has received in recent days some air-breathing type offensive missiles with a range, with a booster effort, of some 130 nautical miles. If that is true, I would certainly think that would be an offensive weapon.

Mr. Ball. That is not what our intelligence shows, Mr. Chairman. I have attempted to give a summary here of the situation based on the intelligence estimates which the intelligence community has made with regard to this.

Mr. Kitchin. So, there is no information in your possession that such an air-breathing type of missile has been received in Cuba?

Mr. Ball. That is correct, sir.

This information is up to date as of yesterday.

Mr. Kitchin. I should like to ask a question concerning the news release the other day that the Cuban Government was allowing, under a lease arrangement, some ports to be established for the fishing fleet of the Soviet Union. I assume that has been verified. It has not been retracted in the press.

Mr. Ball. It has not been retracted. It has been confirmed by Castro and the Cuban Government. So, I think we can take it as authentic.

Mr. Kitchin. If this particular situation is developed and we see construction of these particular ports going

forward, do you, in your capacity, feel that that would be an offensive use of the island to supply such ports as a base of operations for the Soviet Union?

Mr. Ball. ~~I think with regard to this,~~ Mr. Chairman, this is a matter which will be kept under the very closest surveillance. The use to which the port will be adapted, the use to which it will be put, is something which will be watched with the greatest of care. If in the construction of the port it appears that it will offer any offensive capabilities, then this is certainly something which the Government would take note of immediately.

Mr. Kitchin. Of course, my question was based upon the premise that our experience has been that the so-called fishing fleet is not actually fishing for fish in instances when we have accosted them in the North Atlantic and the Pacific.

Mr. Ball. They also have obvious relevance to the intelligence operation.

Mr. Kitchin. Somewhere in your statement -- I cannot locate it at the present moment -- you give the number of Russian ships and ships under charter that actually have gone in to Cuba since July. I assume those are the ones that have been taking military supplies and personnel in to Cuba.

Mr. Ball. The ships which have been taking the military

equipment in are the Soviet ships themselves. Actually, even the ships which are under charter have not been used for this purpose.

Mr. Kitchin. I think there is some testimony here that at least 65 ships have gone in. I think 65 have been delivering this type of cargo. I have information that from all the nations, including the economic build-up and the military and personnel build-up of the Russian vessels, over the period of the last several months some 800 ships have brought trade in to Cuba, since Castro has announced very explicitly that he was a Communist and visited Russia, about 10 or 11 months ago.

Mr. Ball. We have some very recent figures of the Maritime Administration for the first six months.

Mr. Kitchin. We have the Maritime Administration report dated in September.

Mr. Ball. I believe think there is a recent report.

Mr. Murwitch. Covering the first 9 months of this year.

Mr. Ball. I can get those figures in just a moment.

Mr. Kitchin. If you will supply them for the record, that will be helpful.

Mr. Ball. For January through August. This gives a complete summary of the situation.

Mr. Kitchin. Is that the report dated September 27?

Mr. Ball. No. This is October 2. This is a new report.

Mr. Kitchin. I do not have that.

Mr. Ball. We shall submit this to you.

Mr. Kitchin. We have made the September report a part of the record. We should like to get a copy of that.

Mr. Ball. Surely. We shall be glad to submit this, ^{later report}
 Mr. Chairman. ~~This has been prepared by the Maritime~~
 Administration. It covers a longer period than the September
 report.

Mr. Kitchin. Could you or one of your assistants say whether or not that report reflects that approximately 800 ships have plied trade with Cuba in the last 10 to 11 months?

Mr. Ball. ^{According to the report of the Maritime Administration,} ~~This is based on 3 months. The total of the~~
^{made a total of} ~~Free World ships would be 433, making 572 trips, for the~~
^{To Embroidering} ~~period from January 1 through August 31. Indications are that~~
~~this does not cover Soviet ships.~~

~~Does this not cover Soviet ships as well? We will have~~
~~to straighten these things out and give them to you, Mr.~~
 Chairman.

I may say that the figures of the Maritime Administration somewhat understate the situation, because we have additional figures which are based on supplementary information provided through intelligence sources. Without prejudicing that intelligence, I would hesitate, except in Executive Session or for the confidential use of the committee, to give the precise figures.

Mr. Kitchin. That is understandable, but the purpose of

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asking that question was to determine, out of the total number of ships plying trade with Cuba, how many have been Russian vessels that could be at least assumed to be in the business of bringing in arms supplies, personnel, et cetera.

Mr. Ball. ~~The number which~~ ^{85 shiploads} we believe have carried all the arms, ~~are 85 shiploads~~.

Mr. Kitchin. Over the period of what time?

Mr. Ball. Since July. That is since the major build-up started.

We may be able to give you this for a longer period.

Mr. Kitchin. Is that since the build-up has been publicized, or was the build-up not commenced a considerable period prior to that time?

Mr. Ball. The big increase in the build-up started in July. Prior to that time, of course, some military equipment had gone in and a ^{substantial} ~~certain~~ amount of economic goods from the Soviet Union, ~~a substantial amount of economic goods~~. The major build-up started only in July.

~~Mr. Chairman, I can now give you the figure for the Sino-Soviet Bloc ships for the same period, January 1 through August 29, substantially the same period as the Maritime Administration report. That is 270 calls at Cuban ports during that period. If you add the 270 to the 572, which was the number of trips, ^{made by Free World flag ships,} ~~not the number of ships,~~ you get a total number of trips or calls at Cuban ports of about~~

840 from January 1 through the end of August.

Mr. Kitchin. Of which about two-fifths are Russian flag ships.

Mr. Ball. Bloc ships, yes.

Mr. Kitchin. In your statement on page 3, in the second paragraph, you have reference to the fact that "meat supplies have declined sharply". Then further on in your statement there is a reference to our allies curtailing their shipments to Cuba. There has been testimony offered yesterday -- and I would like to check with you on the authenticity of this -- that two ships are loading in Canada at this moment or within the last day or two, carrying some 300 to 400 head of cattle destined to Cuba.

Mr. Ball. I am not aware of this, Mr. Chairman. The situation with regard to the cattle in Cuba is that when they began the process of collectivizing the farms, they were extremely inept about it and they destroyed a portion of the herds -- in fact, some of the best of the cattle stock. The result is that they have paid for it in subsequent reduction in meat production. If they are replenishing the herds from Canada, this I do not know about, but I will be glad to ascertain this and advise the committee. I was unaware of it.

Mr. Kitchin. I think in the transcript the testimony will appear, and I will be delighted to have a staff member

point it out to one of your assistants.

On page 4 of your statement, at the bottom of the page, you say, "The nations of Western Europe have also reduced their trade with Cuba. In 1959 the exports to Cuba were approximately \$122 million. By 1961 this figure had been cut to less than half."

That is 1961. With the increase of shipping directly in to Cuba under charter vessels, with reference to our Western European allies, have you any figures with reference to any increase or decrease or the status of the dollar volume of shipping to Cuba in 1962 thus far?

Mr. Ball. As I recall, the figure for 1961 was \$54 million, and I think that the rate at which it is running in 1962 is about the same. We have figures which are not fully adequate, because some are based on six months and some are based on three months, I think. They appear to reflect a continuance of very much the same level as 1961.

Mr. Kitchin. So, the economic build-up which has been publicized along with the military build-up over the past several months has not increased materially since the 1961 period.

Mr. Ball. No, the build-up has been primarily in the provision of technicians rather than in the provision of actual economic goods.

Mr. Lipscomb. Mr. Secretary, are you just talking about

economic build-up by the Free World when you make a statement such as you just made?

Mr. Ball. No. The economic build-up that I am talking about is the very recent efforts which the Soviet Bloc or Communist Bloc has been making directly. As far as Free World shipping is concerned, Free World goods going in to Cuba, the pattern of trade has been fairly consistent. It has shown no increase and it has shown no major alteration in character.

Mr. Lipscomb. Your figure for 1959 was approximately \$122 million. By 1961, you say, this figure had been cut in half.

Mr. Ball. It had been cut in half and it has been running at about that rate in 1962.

Mr. Lipscomb. That is with Western Europe.

Mr. Ball. That is with Western Europe, yes.

Mr. Lipscomb. Has trade with the Soviet Bloc picked up that reduction in trade with Western Europe, do you know?

Mr. Ball. My experts advise me that in their opinion, they would say it has. The reason it is difficult to give you a precise answer is that the Soviet Union puts in a lot of goods which are put in on a credit basis where the costing is not very clear. This is not normal commercial trade. Therefore, it is difficult to know exactly what price to put on these goods. Our impression would be that it has.

The import figures we have would indicate that in 1959 the imports in value terms from the total of the Bloc amounted to \$1,800,000. In 1961 they amounted to \$458 million. On the other hand, the Free World during that same period -- this is the total Free World -- shrunk from \$673 million to \$183 million.

Mr. Lipscomb. Taking those figures, there has not been much of a reduction in the actual amount of economic help going in to Cuba over the period. What has been reduced by the Free World has been picked up by the Soviet Bloc.

Mr. Ball. There are a number of items which the Soviet Union simply has not been able to supply. In the first place, the industrial plant of Cuba has been very largely of Western design, and they have had very great difficulty in spare parts, in replacement machinery, and so on.

I think what you say may well be so as to the total dollar amount to the extent that one can put dollar value on these things.

Mr. Lipscomb. You cannot very well put dollar value on it.

Mr. Ball. No. The only way you can put dollar values on it is to the extent that our information would indicate that it is being applied against the credits which have been offered at a certain value. This is the only way you can put dollar value on it.

Mr. Lipscomb. What concerned me about your statement was that you showed the economic side so far as the Free World was concerned for trade with Cuba, but you never once mentioned the Communist commercial trade with Cuba. That does not give a clear picture of the situation which is happening in Cuba.

Mr. Ball. I think your point is entirely correct, and I would not challenge it at all, in that what has happened here is that the Soviet Union is attempting to carry the deficit in the Cuban requirements to the extent that it can do so, although it is a substantial burden on the Bloc countries to do so.

It is doing it under a system of credits which reflect the inability of the Cuban economy at its present state of operation to earn adequate foreign exchange. So, what is happening here is that the Soviet Union is making up the deficit, but not making it up as reflected by the state of the economy on a basis which is sustaining the economy at its earlier level.

So, we have very clear evidence of a declining economy, of a very substantial continued input by the Bloc countries, of declining production and, therefore, a declining amount of goods which the Cubans are capable of providing the Bloc in return, and consequently a rising cost imposed on the Bloc for maintaining the Cuban economy even at its present

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depressed level.

Mr. Kitchin. I am inclined to agree with both of you in that particular statement and, I think, your statement in the second paragraph on page 7, with any application of logic and knowing the manner in which Russia or the Bloc operates on the basis not of dollar exchange but exchange in credits, when you make the statement that in 1959, 2.2 per cent of Cuba's exports went to the Bloc, and by 1961 it was up to 75.7 per cent. On the basis of applying that logically to the way of doing business that Russia and the Bloc have applied in other instances, I would assume that means approximately 75 per cent of their economies are being supplied by the Bloc.

Mr. Ball. I think that is a fair statement, Mr. Chairman.

Mr. Kitchin. At the bottom of page 8 you state that "five of our NATO allies have taken positive action to restrict the availability of ships," and I note that included among those with whom we are now having discussions with reference to this particular phase of the operation you mention Norway. There was testimony offered yesterday:

"It must be added at this point that the Governments of West Germany, Turkey, and Norway have expressed willingness to cooperate with the United States by discouraging further shipments to Cuba."

Is there any change in the position of Norway as of this moment, other than what is reflected in your statement?

Mr. Ball. No. What I have not stated explicitly, Mr. Chairman, is that certain of these countries are in the position that the government itself is taking active steps in quiet consultations with the shipowners. The governments are not very anxious to have this become a matter of public discussion because they feel they can work with their shipowners on a quiet basis, whereas there would be some difficulty if it became a political issue within the countries themselves.

As a result, the picture is rather better than we have reflected, but I have not wanted in a public statement to embarrass these governments that are making honest efforts to cooperate with us on this.

Mr. Kitchin. I can appreciate that. I just wondered if there had been any change since the news report on September 25 carried big headlines: "Rusk Reported Unable to Get Norway to Halt Shipments to Cuba." I assume from your statement that these negotiations are continuing, and I was wondering if that particular situation had changed.

Mr. Ball. On the 25th of September, Mr. Chairman, we had a report from our Embassy in Oslo which reported a recent press statement attributed to the Norwegian Foreign Minister, Mr. Lange. This stated that, while the Government

of Norway has no legal authority over its ships, the Norwegian Government has asked the Norwegian shipping interests to include in all new charters clauses which would forbid the carrying not only of weapons but other strategic materials.

Mr. Kitchin. Then that brings up the next question, not only with reference to discussions with our allies, but the confusion which I think exists in the minds of the American people as to what constitutes a strategic item.

Mr. Ball. Yes.

Mr. Kitchin. Going on the theory that an army travels on its belly, so to speak, and the Cuban economy being such as it is, in this cold war process the economic build-up is just as material in the minds of some of us as the military build-up. Do these so-called strategic items embrace only those military requirements, or do they embrace certain phases of our economic build-up?

Mr. Ball. As you know, Mr. Chairman, we have an arrangement within NATO for a COCOM list of items. The United States Government itself maintains a somewhat longer list, the so-called positive list. These are each attempts to define the kinds of goods which may be regarded as of strategic value because they contribute to the potential military strength of the country.

I may say with regard to Cuba, the COCOM list itself is

not terribly relevant, for the reason that Cuba is a very different type of economy from the economy of, let us say, the USSR. Cuba is essentially an agrarian economy, with a very small industrial base and a very small industrial plant. So, if all of the COCOM list were to be applied automatically, it would have very little effect on the shipments to Cuba because this is not the kind of goods which the Cuban economy is taking for its economic sustenance.

To preclude the types of goods going in that are presently going in from the Free World would mean a very different type of approach, an approach which would be far more drastic than that contemplated by the COCOM list itself.

Many of the NATO countries, perhaps most, if not all, do not have presently legislation which would enable them to limit their shipping with respect to shipments to Cuba. Some of them have special legislation which applied to the Soviet Union or to other specific members of the Bloc. In order to be able to apply the COCOM requirements, even if it were completely relevant, to the Cuban situation, they would have to ask their parliaments for new legislation. One or two of the governments have indicated that they are prepared to do that, but not all of them.

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Mr. Kitchin. In the negotiations concerning the recent CoCom meetings and the re-establishment of the items to go on the CoCom list, has there been a determination that Cuba now is part of the Sino-Soviet bloc?

Mr. Ball. Not for the purposes of the CoCom list.

Mr. Kitchin. Why?

Mr. Ball. This has been a matter on which there has not been agreement within NATO. The differences are several. First, Cuba is not a member of the Warsaw Pact, as are the typically other members of the bloc. I think this generally has been the definition and the criteria applied in determining whether they are members of the bloc.

Mr. Latta. Has there been a change in thinking on the part of the Department since Secretary Rusk testified before this Committee immediately following his return from the Punta del Este meeting on this subject?

Mr. Ball. No, Mr. Latta, there has been no change.

Mr. Latta. Let me read you some of the colloquy which occurred between Mr. Rusk and myself on this subject. Then I shall repeat the question.

"Mr. Latta. Since there aren't any international controls of exports to Cuba through the CoCom structure, are we going to recommend to the CoCom nations that they take action similar to what we have taken?

"Secretary Rusk. I think following the Punta del Este

meeting there will be discussion with a number of governments on this kind of problem.

"Mr. Latta. No date has been set for it?

"Secretary Rusk. No, sir; we are just back this week-end from Punta del Este.

"Mr. Latta. It certainly will probably be the position of our Government that CoCom take similar action.

"Secretary Rusk. We believe that it would be inconsistent with the attitude of all of the Inter-American States for friends of ours elsewhere to send Cuba materials which we are trying to interrupt."

That was his position. That is pretty clear.

Mr. Ball. That accurately reflects the position of the Department, Mr. Latta. Let me say that while Cuba has not been formally put under the CoCom machine, the fact is that the goods which are on the CoCom list are presently not coming into Cuba from the NATO countries. We have every reason to believe that this situation will continue, so that in fact the requirements are fully satisfied here.

Since Mr. Rusk testified there have been three meetings of the NATO Council, I believe, in which this matter has been discussed. This matter has been fully reviewed with the NATO countries and discussions are still under way with several of them.

Up to this point the kind of cooperation we have had

has been very gratifying, and I have every reason to think it will continue.

I think from a practical point of view we can assume that the types of goods which are on the CoCom list are not and will not be going into Cuba from the NATO countries.

Mr. Latta. Still these nations are reluctant to take the same action that we took.

Mr. Ball. As I say, for most of them it would require new legislation which is difficult to get from parliaments of countries which are not, for perfectly obvious reasons, as pre-occupied with the problem of Cuba as the United States which is just a few miles from Cuba. It seems there is no practical reason for doing so since there are no goods of this kind going in, anyway, from the NATO countries.

Mr. Latta. The Secretary made this statement before the Committee on February 5. What you are saying is that all we have had up to date includes three discussions on the subject but nothing has been firmed up?

Mr. Ball. I wouldn't say that, Mr. Latta. In the first place, I recite here a number of countries which have taken actual action or given assurances of action that is being taken.

In addition we have the practical situation where these types of goods which would be covered by the CoCom

list are not going in.

Under these circumstances this problem is not an emergent problem in the sense that there is nothing that can be effectively added to the isolation of Cuba which is what we are attempting to bring about here.

Mr. Latta. My question, however, was primarily directed to the actions of the CoCom Committee and not any nations outside. I am interested in knowing whether or not CoCom itself has taken any kind of position based on our recommendations after the Secretary appeared before this Committee.

Mr. Ball. It remains on the agenda of the CoCom Committee but the CoCom Committee has not up to this point applied the CoCom list formally to the Cuban situation.

Mr. Latta. Then I would be safe in saying nothing has been firm'd up in CoCom as of this date. You have taken no position as a matter of record?

Mr. Ball. CoCom itself has not. Many of the members of the CoCom Committee have. The practical consequences, however, are not significant.

Mr. Kitchen. That gets back to the original comment which I had, Mr. Secretary. I will not belabor the subject at all, but whether it is an item on the CoCom list, and it is that type of item which would go toward building up their industrialization, or that segment of the economy of

Cuba, there are some of us, and I have my own opinion, who feel that anything which supplies sustenance to the economy of Cuba without which they could not maintain a military establishment, and without which the Castro regime could not maintain its strength, be it foodstuffs or otherwise, constitutes in my opinion an element of economic buildup about which I am at least concerned.

Mr. Ball. I would make this distinction, Mr.

Chairman: The volume of goods and the character of the goods going into Cuba today are not goods which one could accurately describe as an economic buildup. This is a very low level of exports to Cuba in relation to Cuba's past requirements so far as the free world is concerned and the goods are of a character which are such that contribute to the maintenance of the economy at a declining level of production.

Mr. Lipscomb. If in your statement you make such a point of Cuba's horrible position, why don't you make a point of anything going to Cuba as building up their economy?

Mr. Ball. Obviously to the extent that one brought about a complete sealing off of any commerce to Cuba it would tend to impose a greater burden on the Soviet Union because the deficit would be larger.

Mr. Lipscomb. Is that not our goal?

Mr. Ball. This is a goal which I think can properly be described as one which would be consistent with our policies. It is a goal which has not been completely accepted by all of our allies.

Mr. Lipscomb. Aren't you taking a firm position with our allies to get this objective and goal across?

Mr. Ball. I think we can say this quite conscientiously: We have done as much as is productive to bring about the isolation of the Cuban economy by the cooperation of our allies.

Mr. Lipscomb. Mr. Secretary, you have made a statement on a couple occasions here that you know that no item on the CoCom list is being shipped into Cuba by any of the NATO allies.

Mr. Ball. This is our understanding of the facts, Sir.

Mr. Lipscomb. How can we be so definite in this opinion?

Mr. Ball. In the first place, our intelligence with respect to Cuba, as I say, is very high and very good and very comprehensive, the number of refugees constantly coming out, and the kinds of opportunities which are provided to gain information with regard to the Cuban situation.

In the second place, I mentioned to you that the

CoCom list which was primarily a list designed for industrialized economies is not of great direct relevance to the Cuban situation so that the types of goods which it contemplates are not the kinds of goods which would be of very great benefit to Cuba.

Mr. Kitchin. I think at this point, if I may interrupt, we have a divergence of opinion in relation to this particular policy for which you have the responsibility and we do not, that is, what constitutes that type of strategic item as it goes into the buildup of the economy of Cuba.

Not to belabor the subject I think some of us believe - I do - even if it is a bad situation in Cuba economically, anything that can make that situation worse than it is through our efforts and our allies' efforts, be it the import of grain, flour, or whatever it might be, would certainly be to our advantage in this situation with which we are now confronted.

Mr. Secretary, I would like to ask one or two other questions and I shall turn this over to the other members: You had reference to Norway. I assume you had reference to the relationship which exists now in negotiations between countries on an official government basis.

Here is a news item from Oslo, Norway:

"Oslo, Norway, October 1. The Norwegian Ship Owners'

Association called on its members today to make sure their vessels are not used in carrying cargoes to and from Cuba.

Norway is the second NATO country to take steps for barring traffic to Cuba after protests in the United States that Western Allies were helping the Soviet military buildup of Cuba. Turkish shipowners announced last week they had voluntarily stopped their vessels from operating on the Soviet-Cuban route.

"The Norwegian Association said only 'very few' Norwegian ships have called at Cuba in recent months and these carried civilian cargoes under contracts entered into some time ago."

This is under dateline of October 1.

I bring this out because of your statement you were reluctant to discuss any such negotiations going on at the present time, but as recently as three days ago at least some steps had been reported in the press.

Mr. Ball. I think this is a very good example of the kind of quiet cooperation which a number of the governments are giving us. In some instances the governments themselves are reluctant to have this publicly discussed unless there has been some public action taken by the private shipowners, as in this case.

Mr. Kitchin. One other question. Is there evidence

available at the present time that submarines are escorting these Russian ships coming into the Cuban military buildup? I am talking now about the ships which are hauling personnel and military supplies.

Mr. Ball. No, to my knowledge the evidence does not indicate this, Mr. Chairman.

As you know, these ships are kept under the closest surveillance, and we have a system of anti-submarine patrols which I think is quite effective, Mr. Chairman.

Mr. Kitchin. What about the report, and I think it has been verified, that several of the countries, possibly Denmark and Yugoslavia and Italy, are building ship bottoms and tonnage for the Soviet Union? Has any effort been made to negotiate any curtailment in that type of activity to cease assisting the Soviet buildup under this situation?

Mr. Ball. No, I think that there is a substantial amount of tonnage being built for the Soviet Union in various free world yards. This is a matter where I am sure that the governments concerned would regard this as the normal kind of commercial trade which they continue to carry on with the Soviet Union.

This is in their mind no different from the kind of peacetime trade which is quite substantial, as you know, which goes on between the East and West and which historically has been so for many years, before and after the war.

I am quite confident that this is a matter where the governments would feel, the countries themselves would feel, that they should not take any action to interfere with this.

Mr. Kitchin. Is that the attitude, also, of our Government, we should not try to negotiate the diminishing of such contracts?

Mr. Ball. We ourselves have policies with regard to East-West trade which are reflected in the Export Licensing Act and in the very careful administration of that act by the Department of Commerce.

Our policies with regard to East-West trade have historically diverged in some respects from the policies of some of the European governments and other free World governments.

There are many reasons for this. One of the reasons is historical. One of the reasons is philosophical.

The historical reason is simply the fact that over the years the East-West trade has been a very big element in the economic life of these countries and they have not been persuaded that they should desist, although they have been persuaded to take such measures as the CoCom regulations.

The philosophical one is some difference of view as to the long-range interests of maintaining peace in the

world, to try to turn the Iron Curtain bloc into as rigid an economic blockade as might be the case by discontinuance of substantially all trade.

In an alliance I think it is normal to expect that there will be some differences of view. The genius of trying to make an alliance work is to diminish these differences as much as possible and bring about the greatest degree of cooperation among the members on an agreed direction. This is what we have tried to do and what we continually have tried to do, as you know, Mr. Chairman.

Mr. Kitchin. Before I get into the 480 program, about which I would like to ask one or two questions, I would like to say I have pretty authentic information, which can be produced that there are four SSN-1 missiles, two: Cuba, the air-breathing type of missile, and at least one is based at Banos, Cuba just 80 miles from our Naval Base there.

In view of your statement made originally and my first question I would appreciate it if you would re-examine the intelligence figures.

Mr. Ball. I think I can clarify that, Mr. Chairman. What I said was this in my statement, and it is on page 11: "In addition three and possibly four missile sites" -- this is what you have reference to, I believe-- "of a different type have been identified. These sites are similar to

known Soviet coastal defense missile sites which are believed to accommodate anti-shiping missiles with a range of 20 to 35 miles."

Mr. Kitchin. Then the only difference there which would reflect in your intelligence information and mine is that I have information that these are of a booster type, and when boosted and assisted they have 130 nautical mile range. If that can be clarified and without any violation of security we would like to have it done for the record.

Mr. Ball. I would be happy to do so.

Mr. Kitchin. Yesterday, Mr. Secretary, there were several statements made-- off the record.

(Discussion held off the record.)

Mr. Kitchin. The Committee will recess for about 20 minutes to answer the roll call.

(Short recess taken.)

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Mr. Kitchin. I think we shall proceed. The other Members will be here in a few minutes.

Mr. Secretary, yesterday we had testimony before the committee, and I would like to read excerpts which refer and relate to the P.L. 480 program and the administration thereof. I understand Mr. Hudtloff and others from the Department of Agriculture are here, but since this is a policy matter, probably, it may be the time to ask the question while you are here with us.

Yesterday in the statement of Mr. Joseph Kahn, Esq., said, on page 2 of his statement:

"The largest volume of cargo shipped from the United States is grain and related agricultural products which are paid for by the Government of the United States and given to the various foreign countries under our aid programs, principally under Public Law 480. Under existing law, at least 50 per cent of these cargoes must go upon American-flag vessels. It is within the discretion of the administrative agencies to increase this figure from 50 per cent up to 100 per cent."

Is that your interpretation? Is that within the policy realm as to whether or not this figure remains at a limitation of 50 per cent for American bottoms or can they go up by administrative order to embrace 100 per cent of these shipments in American-owned ships?

Mr. Ball. It is a matter of administration. The requirement of law is that they must be at least 50 per cent. The reason is that the United States pays the shipping that goes in American bottoms. With respect to the balance of the 50 per cent, that can be shipped on foreign bottoms by the recipient government.

I should like to say with respect to that, that in so far as this has relevance to the ships which are in the Cuban trade, this is one of the things which is affected by one of the measures which we have at the moment in consultation with foreign governments, which would [some restriction on the extension of that 50 per cent privilege to certain types of ships with relevance to the Cuban trade. I do not wish to appear to be evasive but, as I told the committee earlier, it is a matter of some concern to us that during the period of consultation, since the interests of these foreign countries are vitally affected, we not put this in the public domain, but we shall be happy to discuss it with the committee in executive session.

Mr. Kitchin. I think we could go so far in public session, however, as to say there are negotiations under way in the direction in which this suggestion is pointed.

Mr. Ball. With specific relevance to the ships in Cuban trade. As to the ships in Cuban trade, let me say that the figures we have would indicate that very few of

the ships which are approved for the P.L. 480 program have been in the Cuban trade. When we look at the figures from the 1st of August of 1961 through September 20 of this year, they indicate that out of about 500 ships which carried P.L. 480 cargoes, only 12 stopped at Cuban ports during the period in question.

Mr. Kitchin. I think the problems which have been arousing public sentiment are those individual instances which have appeared in the press, such as the two Texas ships, and so forth.

Mr. Ball. That is right.

Mr. Kitchin. So, from the standpoint of material being delivered in the bottoms and the percentage of bottoms actually in the Cuban trade, it would appear insignificant. However, the psychological effect of even one of these coming back in to the United States for the picking up of cargo of that nature, of course, has aroused public sentiment in this country.

Mr. Ball. That is one of the reasons we have the present action under contemplation, Mr. Chairman.

Mr. Kitchin. If you will bear with me, it may be that the answer you have already given will speak to this particular statement, too.

On page 3 this gentleman states:

"Let me speak first about the shipments of Public Law 480

grain financed and paid for by the Government of the United States. In some cases, the Government of the United States even pays for the shipping freights. On American vessels, we carry these grains to India, Pakistan, Turkey, and other countries. Ships which carry the surplus grain are usually required to return to the United States in ballast and without cargo. During the ballast voyage back to the United States, they receive no revenue but have all the expense of sailing the vessel, including the crew cost, fuel, insurance, et cetera. On the other hand, a vessel which trades to Cuba receives revenue for carrying cargo to Cuba. It has no westbound ballasting costs, but actually makes money carrying the cargo to Castro. After discharge of its cargo in Cuba, it is in perfect position to move over to a port in the United States, either in the Gulf of Mexico or on the East Coast, and pick up Government-paid-for grain. It thus obtains revenue on a two-way voyage basis. Because of the revenue which it receives in the carriage of Government-owned grain on the eastbound voyage, it is able to quote a lower rate to carry the cargo to Cuba."

This was in context, meaning there is an unfair competitive advantage that they are being given in operation or administration of this particular program, at least in the few instances that have been called to our attention. Does that require an additional comment from you?

Mr. Ball. I think that is an accurate hypothetical statement. I would say it does relate to a very few situations. As I say, only 12 ships out of the 500-odd that have been approved for P.L. 480 cargo touched at Cuba within the last 14 months, and the measure which we have in consultation now does have relevance to this, and I think would go far to meet this problem.

Mr. Kitchin. There was testimony offered yesterday -- I think the gentleman is still here in the presence of the committee who offered the testimony, and I will paraphrase rather than quote the statement -- to the effect that in the import of oil the licensing provisions rest within the authority of the Department of the Interior in that connection, and that in the licensing of oil there is also an avenue whereby more rigid enforcement or rigid policy in connection with that would still give to the American-owned bottoms and tankers that import the oil greater advantage and, at the same time, by our administrative action cut down on some of the oil imports coming in to American ports.

Mr. Ball. I am not sufficiently familiar with the problem, Mr. Chairman, to have an opinion on it. I am sorry.

Mr. Kitchin. There again, it is in the same category as the P.L. 480 program, and I assume it is a matter of policy whether those licensing provisions should be more restrictive or allowed to remain in status quo. For the

record, since it has been brought up, would you supply for the record what would be the policy, if it can be supplied for the public record?

Mr. Ball. I want to make quite clear I understand the question. Does this have relevance to ships that stop at Cuba as well?

Mr. Kitchin. This is those ships that ply in the Cuban trade or ships that are owned by an owner, corporate or otherwise, some of whose ships ply in the Cuban trade although the identical ship that is being plied in the Cuban trade may not be one actually used in the plying of imports of oil to this country.

Mr. Ball. This we shall be glad to furnish to the committee. I can say, again, that another measure which is under consultation would have relevance to this problem as well, not with respect to oil import restrictions specifically, but to the type of situation into which this would fall. I think, again, this might go quite a way to satisfy the problem.

Mr. Kitchin. To clarify the comment I made previously, the statement specifically said: "I would respectfully suggest this committee recommend to the Department of the Interior that no license be issued for the importation of any oil upon a tanker which has carried Russian oil to Cuba or to any other Communist nation within the past 12 months."

This was a specific recommendation, but it points up what I was telling you, that at least it has been stated as a problem which has some administrative possibilities for correction.

Mr. Ball. I think that is one administrative approach. There is another administrative approach which is directed at a solution of the same problem which is now under consultation.

Mr. Kitchin. Mr. Secretary, as I said at the outset, there are certain recommendations set forth in our report, particularly on page 2, in paragraphs F, G, and H, which I trust you have some statement to offer the committee as to their implementation. If not, I certainly would appreciate it if you would supply that information for the record, because this will be the last meeting the committee will have at this session. I trust that we can find out whether or not these suggestions have been accepted, and, if so, to what extent and, if so, have they been implemented.

Mr. Ball. With respect to certain of them, a report has been made to this committee with regard to the results of the last COCOM review, which is one of the matters contemplated here. That, I take it, would be relevant to "F". As to "G", the policy with regard to Poland has been under reexamination as well as the policy with regard to Yugoslavia. I would be glad to furnish the committee a letter stating

the results of that review and the policy which has been followed, and also the way in which it has been carried out in practice. That would apply to paragraphs G and H.

So far as "I" is concerned, the embargo on trade with Communist China, North Korea, and North Vietnam, that embargo, of course, does in fact remain in effect.

Mr. Kitchin. Has there been any reconsideration of the application for \$400 million in wheat to Communist China? That was denied at one time.

Mr. Ball. There has been no reconsideration of that. That application was denied and nothing more has been done on it.

Mr. Kitchin. Now with reference to "H", as to the treatment of Communist Yugoslavia and favored-nation treatment, some testimony was offered by Dr. Behrman, from the Department of Commerce, when we had our last meeting last week, to the effect there is no change in policy with reference to Yugoslavia, and it was shown that no license had been denied for Yugoslavia over the past several months.

Mr. Ball. That is right, sir. The question with regard to the extension of most favored nation treatment is, of course, involved in the Trade Expansion Bill. The conference committee, I understand, is reporting out its recommendations today. As I understand it, this would either eliminate or place limitations on the extension of

most favored nation treatment to Yugoslavia and to Poland.

Mr. Kitchin. Congressman Herbert Bonner, Chairman of the Merchant Marine and Fisheries Committee of the House, testified before the committee yesterday in connection with the amendment to the Mutual Security Act that he offered and which was passed in the House. I do not know what position will be taken in the conference on that particular amendment. However, it was in substance to the effect that no funds generated under that program could be used to pay freight on these aid programs. Does the Department look with favor or otherwise on that particular type of limitation in the Act, or do you think that is a matter of policy for determination by the Executive Branch?

Mr. Secretary, if you are not familiar with that, I do not want to draw you out on a horseback opinion.

Mr. Ball. I should like to submit something for the record on this, if I might, please.

Mr. Kitchin. If you would.

(The information requested follows:)

COMMITTEE INSERT

Mr. Kitchin. Since you have indicated these negotiations are going on now with reference to what might result in a change, if any, in the administrative handling of the P.L. 480 type program, I assume that other questions in connection with that program would have to await the results of those negotiations. Is that correct?

Mr. Ball. Yes. I would say, Mr. Chairman, we do not regard them as negotiations, because they relate to actions which the United States Government would take unilaterally, but since they do affect the interests of other friendly nations with whom we are in alliances in a very real way, we prefer to advise them and to discuss the implications with them, and then to take our unilateral action. So, it is not a negotiation. It is a consultation preliminary to taking a unilateral action by the United States Government.

Mr. Kitchin. On the next question, I hope you will be frank and advise the committee if you would rather not answer or if this is not the right place to answer. In my trips back home and among my contacts with my colleagues here, there is a lack of understanding particularly of the attitude of the United Kingdom with reference to the continued trade both with Communist China and other Bloc nations, particularly since the maritime report came out and showed a great percentage of the Cuban trade now is being carried in Great Britain's ships. I trust that negotiations have been had in

that connection over a period of years or months before the Cuban situation became perilous. Have we any hopes that we can persuade, influence, or otherwise get our great ally at least to recognize the problem that we have in this particular instance and curtail that type of thing by governmental edict or action?

Mr. Ball. First, with regard to the China trade, as the committee knows, the China trade is subject to the COCOM restrictions or is on the same basis as the COCOM restrictions.

Mr. Kitchin. CINCOM, I believe it is.

Mr. Ball. CINCOM. So far as our allies adopting the policy which the United States Government follows with regard to China, of what amounts to a complete embargo, I think I should tell this committee quite realistically that I do not think that they are going to be persuaded by anything that we do to change their view. This is a fundamental difference in philosophy which I adverted to a few moments ago. They are prepared to restrict items which they believe to be strategic and on which we reach an agreement with them as to their being strategic, but they are not prepared to restrict what they regard as normal trade between East and West, and in this respect they would treat Communist China as they would treat the Soviet Union.

With regard to Cuba, here there has been an attitude of

serious cooperation on the part of the United Kingdom Government with us on this matter. They are one of the governments which does not have legal powers to restrict the use of their ships in the Cuba trade. However, they have done some things on an informal basis which are reassuring to us and which I could tell the committee more about in Executive Session.

Mr. Kitchin. As far as the public or open session is concerned, you can say that there are some reassuring results in connection with the Cuba trade as far as Great Britain is concerned?

Mr. Ball. Yes, in the sense that there are no strategic goods of the COCOM variety going to Cuba in any of the United Kingdom bottoms.

Mr. Kitchin. Mr. Sisk.

Mr. Sisk. Thank you, Mr. Chairman.

I do not have any particular questions, Mr. Secretary. I would like to say I think you have made a very comprehensive statement. It is a very good statement on actually what is happening in the Cuban trade situation. Frankly, it is somewhat more optimistic than I had hoped for. It seems to me it offers some promise that we are making some headway in isolating Cuba. As I understand, it is an oversimplification of our policy to term it one of isolation.

I had some questions with reference to some things the

chairman has now, I think, pretty well brought out regarding making it as impractical as possible economically for some of these ships to have return cargoes of P.L. 480 grain or other shipments from this country. Of course, due to recent expressions, there is a great deal of public interest in this. I am happy to have heard the statements which have been made which would seem to indicate this thing is pretty well under control or can be pretty ably controlled.

Thank you, Mr. Chairman. That is all I have at the present time.

Mr. Kitchin. Mr. Lipscomb.

Mr. Lipscomb. Thank you, Mr. Chairman.

Mr. Secretary, commercial trade with Cuba goes through many agencies of government -- State, the Agency for International Development, Commerce, Treasury, Interior. Who sets the policy and administers this policy in regard to trade with Cuba?

Mr. Hall. So far as the United States Government is concerned, a succession of measures has been taken which puts what amounts to a complete embargo on all trade with Cuba, between the United States and Cuba, with the exception of a very small amount of unsubsidized food and drugs which are permitted to be exported to Cuba for humanitarian reasons. The measures which have been taken to achieve this have been taken under the Foreign Assistance Act and

under the Trading With the Enemy Act by the Treasury Department.

My counsel points out that when I say it has been taken by the Treasury Department, it is administered by the Treasury Department but it represents a Government decision in which the views of all of the agencies have been heard. The actual administration of this embargo is in the hands of the Treasury because of its control over the Customs Service.

Mr. Lipscomb. For instance, the Agriculture Department makes the determination what foreign aid, Public Law 480 goods, go in foreign bottoms, such as the problem of ship stopping in Cuba, coming in to an American port, picking up P.L. 480 goods and taking them back?

Mr. Ball. Let me amplify what I said, Mr. Lipscomb. I was addressing myself purely to the embargo aspect. What I said with regard to the Treasury applied to imports from Cuba in to the United States. So far as exports to Cuba, these are under the regulation of the Commerce Department through the Export Control Act, and orders which have been issued pursuant to that Act. So far as P.L. 480 is concerned, the charters which are made under Title I of P.L. 480 for foreign bottoms must be approved by the Department of Agriculture. So, the decision there is an administrative decision which would be carried out by the Department of Agriculture.

Mr. Lipscomb. So, what you are saying is that there is no one place or central point which now sets the policy and administers whatever actions are taken in regard to Cuba.

Mr. Ball. No. I would make a distinction, sir, between the setting of the policy and the administration. The policy is set by the President, and the administration is delegated to the agencies which are empowered to administer it under several different pieces of legislation. But there is a central policy, and that is the policy which is made by the President.

Mr. Lipscomb. Is the Department of Agriculture capable or has it the authority to stop sending Public Law #80 goods in ships that deal in commerce with Cuba?

Mr. Ball. Under the measures which are now in contemplation, one of those measures will be a directive to the Department of Agriculture from the President which will be relevant to this.

Mr. Lipscomb. That directive will come from the President?

Mr. Ball. That is right.

Mr. Lipscomb. But in consultation with the State Department, I would assume.

Mr. Ball. In consultation with the State Department, with the Department of Commerce, the Maritime Administration, the Department of Agriculture, the Treasury -- all of the

agencies which are concerned with this general problem.

Mr. Lipscomb. Does the State Department have complete and readily accessible information on all Western flag vessels which have been trading with Communist Cuba?

Mr. Ball. Yes.

Mr. Lipscomb. Is this the document that was inserted in the record here yesterday, put out by the Maritime Administration?

Mr. Ball. There is a document which has been published by the Maritime Administration. There are, in fact, two, I believe. There is the one which was put in the record yesterday. There is another one which I told the chairman I would submit today. In addition, there is a great deal of intelligence information. As I mentioned earlier in this discussion this morning, the intelligence information that we have supplements the information which the Maritime Administration prepared, which is prepared largely from public records, such as Lloyd's Register, and so on, and which contains some ship names which do not appear. But the pattern of shipping is roughly the same, even in the amplified list.

Mr. Lipscomb. The document which was put in the record was an unclassified document?

Mr. Ball. An unclassified document.

Mr. Lipscomb. There is other classified information?

Mr. Ball. There is additional classified information which would amplify that, but does not materially change the pattern of distribution as among the various countries.

Mr. Lipscomb. Have you information in regard to former U. S. Government-owned cargo ships which are now in trade with Cuba?

Mr. Ball. Yes, we have some information with regard to this which I think has been developed by the Maritime Administration.

Mr. Lipscomb. The only information you have on this is that which has been disclosed in the press recently?

Mr. Ball. I am not sure just what has been in the press. When you said U. S. Government-owned ships, you referred to the ships which the Maritime Administration --

Mr. Lipscomb. I am referring to ships which are owned by the U. S. Government which we have given to other nations, which they were supposed to pay for and have not, which we have asked to have returned to us, which they have not done.

Mr. Ball. You are referring to the Lend-Lease ships which were made available to the Soviet Union during the war, perhaps.

Mr. Lipscomb. Or any other country.

Mr. Ball. We certainly have information with regard to all the ships made available under Lend-Lease to all the countries involved.

Mr. Kitchin. If the gentleman will yield, I will ask the direct question: Is there any evidence that those ships are being used in the Cuba trade now?

Mr. Ball. Yes, there is some evidence as to certain of the Soviet ships. I can give you detail on that, I think.

Mr. Kitchin. The detail can be supplied for the record, if you will, Mr. Secretary.

Mr. Ball. Yes, sir.

(The information requested follows:)

COMMITTEE INSERT

Mr. Kitchin. These are ships that were under the Lend-Lease program and have never been returned to us or paid for, and are plying now in the Cuban trade?

Mr. Ball. Yes. The situation now with regard to the ships that were made available to the Soviet Government under Lend-Lease is this: Several years ago, I think in 1947 or 1948, there was a negotiation with the Soviet Union looking toward a complete settlement of Lend-Lease accounts. In the course of that settlement, an offer was made by the United States Government to sell the ships that had been made available under Lend-Lease to the Soviet Government for an amount of \$33 million, or some sum of that sort. This broke down, not because of the unwillingness of the Soviet Union to pay that amount, but because the offer was a part of the total package for the settlement of all the Lend-Lease arrangements between the United States Government and the Soviet Union. This negotiation did not result in an agreement which the two governments could settle on.

As a result of that, the United States Government subsequently withdrew the offer that it had made for the sale of the ships to the Soviet Union for \$33 million.

The legal position of the ships remains, therefore, that they are subject to the provisions of the Lend-Lease master agreement which was made with the Soviet Government and which provides that at the request of the United States

Government the Soviet Government should return the ships on the decision by the United States Government that they are useful in the defense of the United States.

This is not the exact language, but this is an approximation of it. This is the legal posture at the moment.

I think we can give you the number of ships that have been in the Cuba trade.

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12:10 p.m.

JJG
12:10 p.m.
Is CCD
up on
Export
Control

Our information is that since July 1, three of these lend-lease vessels have called at the Cuban port.

Mr. Lipscomb. Have you any indication of what the cargo was on these ships?

Mr. Ball. We may have. I don't have it here.

In general we know in quite specific terms what the cargoes have been which have been carried by the Soviet ships, those which are directly under Soviet operation.

Mr. Lipscomb. Mostly arms and ammunition?

Mr. Ball. Mostly arms and ammunition, and also technical personnel, military technical personnel, and economic technical personnel as well.

Mr. Lipscomb. Inasmuch as these ships carry goods which endanger our national security, do we have any arrangement with any allied port whereby, when these ships pull into berth, we could repossess them?

Mr. Ball. No. I think that the legal problem which would result would be a very complicated one. I think what we would do would be to involve ourselves in litigation.

As far as attempting to seize them through legal means the Soviet Union would almost certainly interpose a plea of sovereign immunity on the ground the ships were ships of the Soviet Union, and there is a plea which would quite likely be recognized by a court which would be considering this matter.

Mr. Kitchin. If the gentleman will yield at that point:

Under the master arrangement under the Lend-Lease Program has there been a demand made under that master agreement for the return of these ships?

Mr. Ball. On this I could not tell you, Mr. Chairman. I don't know. The hope has been, of course, that we could negotiate a final settlement of the entire arrangement and this would be from the point of view of everyone a much better solution.

Mr. Kitchin. So at the present moment it is not contemplated making a demand for these ships until the total package--

Mr. Ball. So far as I know it has not been contemplated. I think there is hope somewhere down the line they can still see an overall lend-lease settlement.

Mr. Lipscomb. In your statement indicating action which our Government has taken in regard to trade with Communist Cuba, you made no mention of an effort to enforce the provisions of the Battle Act, the Mutual Security Act of 1951. Are you thinking of this? Are there plans to enforce the Battle Act for a change? What is the situation?

Mr. Ball. The situation with regard to the Battle Act is that we have been trying to work this out on a basis of voluntary cooperation of the governments involved

rather than try to use the mechanism of the Battle Act which involves using the Aid Program as a means of enforcing this. That is the posture of the situation at the moment.

If we were to employ the Battle Act what we would have to do would be to deny aid to any country which knowingly exported any goods to Cuba, any goods which were on the strategic list.

Actually I think that the extent of the application of this would be very narrow. In fact, offhand I don't know of any country to which this would apply.

Mr. Lipscomb. Suppose we just mention Yugoslavia and Poland?

Mr. Ball. My impression is that neither Yugoslavia nor Poland, certainly not Yugoslavia, have exported anything on the Battle Act list to Cuba. I think the same is true of Poland.

Mr. Lipscomb. Again we come into a conflict of opinion as to what is strategic and what is not strategic.

Mr. Ball. This is not a conflict of opinion but a conflict as to what is presently contained on the Battle Act list. This list is made as a matter of administrative discretion in carrying out the Battle Act itself within the standards which Congress has set for it.

Mr. Lipscomb. All through the discussion I get the impression that a factor in all of this is time. We keep

looking at the time we will talk to Great Britain, talk to our Allies, and so on.

Would you say time is not on our side, the longer we put off effective and aggressive action with regard to Cuba the stronger the Cuba will be built up as a Communist foothold in the Western Hemisphere?

Mr. Ball. Again the words "effective" and "aggressive action" -- so far as aggressive action is concerned it carries certain penalties with it from the point of view of the United States, and the problem we face with regard to Cuba. It is a problem of how do we bring about the result we are hoping to achieve. In order to be able to answer that question one has to look at the nature of the Cuban danger.

As we see it, the Cuban danger at the moment is not a danger which is a military danger to the United States. It is primarily the danger of Cuba constituting a source of infection for communism in the Western Hemisphere.

If we were to take military action against Cuba we would run the very great risk of bringing about the spread of the very infection which we are trying to contain. This is the dilemma we face.

We have to act with regard to Cuba in the context of all of our relationships around the world. We have to act specifically with regard to our relationships with Latin

America. We are trying to move in an area of agreement with our Latin American friends on this.

As to whether time is running on our side or not, what I suggested in my statement was that the economic situation in Cuba is not improving but it is deteriorating, that the standard of living is on its way down rather than on its way up, that this is imposing a considerable burden which is likely to be an increasing rather than diminishing burden on the Soviet Union, that Cuba is a government which has no future with the Castro government.

As this becomes demonstrated by events I think this may in itself constitute a large part the answer to our problem, because as the people of the Western Hemisphere begin to realize that a Communist government is no answer for them, it is in fact a failure, then this is the most powerful demonstration of what we are trying to achieve.

Mr. Lipscomb. In 1953 a Senate Committee had the same problem with regard to North Korea. I was wondering if you had an opportunity to review those hearings. They were held before the then McCarthy Committee. They issued a very significant report, dated July 6, 1953. It was the Senate Permanent Subcommittee on Investigation which issued the report. They were investigating trade with the Soviet bloc as well as North Korea, and they had an investigator on that Committee named Robert F. Kennedy who at the time

I understand from what I have read, made a very significant investigation. He was complimented in the press by people on the Committee.

Has any effort been made to talk to the now Attorney General in regard to what his recommendations were in those days? Words being used by the State Department and others are almost those used in 1953. Even the position of the Department of State is almost identical.

Mr. Ball. The present Attorney General is a regular attendant at the meetings of the National Security Council where Cuban policy is regularly discussed. He participates in these discussions. He is thoroughly familiar with the policies of the Government and his views are expressed on these matters. There is no question about this.

Mr. Lipscomb. The recommendations made in that report in 1953, report number 606, are as valid today in regard to trade with the Soviet bloc as they were in 1953. I am sure he must be fully familiar with the problem.

Mr. Ball. I can assure you he is fully consulted on these matters as one of the regular attendants at the National Security Council.

Mr. Lipscomb. You couldn't say whether the Attorney General's views have changed since this report?

Mr. Ball. I would say that the Attorney General is in accord with the Cuban policy of the Administration,

without any doubt.

Mr. Lipscomb. One further question, Mr. Chairman.

Mr. Secretary, just to put this in one spot again, can you reiterate what our government's position is, and the position of the Department of State is, with regard to trade with Cuba on the part of our Allies and others?

Mr. Ball. The policy of the Government with regard to Cuban trade is to seek to bring about a restriction of that trade so as to prevent the buildup of military capabilities in Cuba, not to prevent it but to restrict it, and we have sought the cooperation of our Allies both within the Organization of American States and our Allies who are members of NATO to bring about action on their part which is consistent with this-- and I would say up to this point with very good results.

This is a continuing process. I won't say that everything has been done which they may ultimately do, but the figures themselves attest to the fact there has been a very considerable restriction in trade, that there are no military or strategic items moving from these countries to Cuba, and there has been a very considerable restriction and diminution in trade generally.

Mr. Lipscomb. I am talking about the use of their ships, also.

Mr. Ball. As to the use of their ships, again, at

I pointed out in my statement, there have been efforts made on the part of these governments to discourage the use of their ships if those governments do not have the legal authority to require it. As a result there is a substantial reduction in the use of their ships in the Cuban trade, and a very considerable-- well, I would say none of their ships are being used to bring arms or strategic goods to Cuba today.

Mr. Lipscomb. That last statement is just from the intelligence you gained from Cuba?

Mr. Ball. No, it is from intelligence we have gained plus the discussions we have had with these countries.

Mr. Lipscomb. Thank you.

Mr. Kitchin. I would assume that that also includes charter ships?

Mr. Ball. Charter ships as well, yes.

Mr. Kitchin. Mr. Latta?

Before you start I will say for the sake of brevity, and not limiting you, the Secretary has answered questions concerning the policy under the 480 program.

Mr. Latta. Thank you, Mr. Chairman.

Mr. Kitchin. There are negotiations under way and until those negotiations are consummated the statement here about any change in policy by the Administration would have to await the results of that negotiation.

Mr. Latta. Did he point out how long that will be?

Mr. Kitchin. You go ahead from there.

Mr. Latta. To follow through on this, is there any time involved here? Will this go into months?

Mr. Ball. I pointed out to the Chairman, Mr. Latta, that we had a series of measures which were presently in consultation with allied governments, and that as soon as this consultation was completed we intended to put these measures into effect.

I would hope this will be done within the next ten days.

Mr. Latta. I am glad to hear that. I am interested in the administration of that act.

On page 5 of your statement, Mr. Ball, at the top of the page, you say "This tying up trade has not been an accident. It has been a deliberate response by this country and its allies to the Communist efforts to establish a beachhead for subversion in this hemisphere."

Why would we do this? Would you say because this beachhead is a threat to the Western Hemisphere?

Mr. Ball. I think the primary threat which Cuba offers to us is that Cuba under the Castro government is a source of Communist infection, and that infection is directed primarily against the Latin American countries, and the prime effort we are making with regard to Cuba should

be directed at preventing this from occurring, stopping it from being an effective beachhead for subversion.

Mr. Latta. Then you are limiting this statement you make at the top of page 5 to its application to Latin America?

Mr. Ball. I think that is the primary danger, yes. It is the effect Cuba has and the purposes it can serve to the Communist conspiracy as a center of infection.

Mr. Latta. I am glad you clarified that because I could not quite understand how you could make that statement on page 5 and then make the statement you have on page 11 where you say quite clearly -- "It does not constitute a threat to the United States."

We are talking here about the military buildup of Cuba by the Soviet Union. Would you want to add anything to that statement and say it might constitute a threat to Latin America?

Mr. Ball. So far as the military buildup of Cuba is concerned I do not think it constitutes a threat to Latin America for the one simple reason that if there were any aggressive military action by Cuba against any of the Latin American States this would result in a direct military intervention by the United States.

Mr. Latta. There isn't any threat to the United States there is no threat to the Latin American countries. Why

should we worry about it?

Mr. Ball. When I say "threat" this is in a context where I think it is quite clear on page 11 that what is meant is military threat. The threat which Cuba poses, as I say very early, as a matter of fact, on the first page of my statement, is that it is a source of infection for international communism. This is at the top of page 2, and this is the threat on which we should focus our attention primarily.

Mr. Latta. So the State Department is dividing this situation we have there as between the military threat which you say is not a threat to the United States, and apparently is not a threat to other Latin American countries, and a subversive threat which you have already stated is not a subversive threat to the United States but only to Latin America. Is that where we are at? Is that a pretty good summary of the situation?

Mr. Hall. Yes, I would not disagree with that very much. The President himself has made clear that in his judgment he does not regard Cuba at the present time-- these things always are subject to change and they are under constant surveillance -- as constituting a military threat to the United States.

I added to that that I did not think Cuba could be considered as a real military threat to Latin America in

the sense that if there were an aggressive military action by Cuba against any Latin American country under our treaty obligations the United States would intervene militarily and we have the force to stop it, check it, and destroy the present Cuban regime.

The real threat on which I think we have to focus our attention is the influence which the Castro regime may exercise throughout Latin America as a center for Communist infection of Latin America.

Mr. Latta. And these actions we are taking and the actions we are asking these other nations to take are based primarily on that purpose?

Mr. Ball. Yes, plus the fact that as a matter of prudence the OAS itself is taking military defensive measures but these are simply in aid of a total effort of which obviously the larger part must be military protection provided by American military capability itself.

Mr. Latta. You are probably fully aware of the fact many people disagree with that. They feel there is a threat both to the United States so far as subversion is concerned and militarily. I think the President understands that.

Mr. Ball. So far as the question of the threat of subversion to the United States is concerned, obviously the existence of a Communist area this close to the American shore is something which requires constant surveillance and

constant attention. The very effective enforcement agencies, the FBI and the other agencies which we have in this country which are watching this situation, I think are such as to minimize the threat of any subversion here.

Mr. Latta. Do you know what J. Edgar Hoover's position is regarding this?

Mr. Ball. I know he regards this as something which has to be kept under constant surveillance.

Mr. Latta. What I am getting at is this: Does he share your views which you recite that this subversive threat is not to the United States and really to Latin America?

Mr. Ball. It is a matter of emphasis. There is a subversive threat to the United States from many sources at all times which is something--

Mr. Latta. If I may interrupt, I am pinpointing this to Cuba and not outside that.

Mr. Ball. I think it comes down to the definition of the word "threat", that this is something which has to be guarded against. I certainly would say that is the case. There is serious danger of a major subversive influence in the United States as a result of any infection from Cuba. Given the effectiveness of our agencies for dealing with this problem I would answer that in the negative.

That Latin America is vulnerable to some infection

from Cuba I think is the real problem on which we should focus our attention.

Mr. Latta. Coming to page 13 of your statement, the second paragraph, you state "We may take the events of the past month, regrettable as they may be in many ways, as evidence of the essential soundness of the strategy of isolation that we have pursued towards Cuba over the past two years."

Shouldn't that actually be "Since the Punta Prieta meeting in January?"

Mr. Ball. The first action was July of 1960.

Mr. Latta. Then you should go back, then, more than two years, should you not, if you are going back to 1960 when President Eisenhower requested Congress to give him the legislation necessary to cut off Cuba's quota? That is what you are talking about?

Mr. Ball. Cuban sugar is the beginning of an effective policy of isolation.

Mr. Latta. Let us go on from there. I think President Eisenhower requested this authority in February or March of 1960. The Committee on Agriculture, of which I happen to be a member, passed a bill. Do you remember that bill? It had to do with the request which did not cut off Mr. Castro but it extended his sugar rights for a year and it got into the Rules Committee and they suddenly jerked it

back.

Then they gave President Eisenhower the legislation that he requested. As soon as he signed it in July he did cut Mr. Castro off.

Let us go on from there. Beginning in January of 1961 up until the Punta del Este meeting tell what actions took place on the part of this Administration to cut Mr. Castro off any further.

Mr. Ball. I think the action which President Eisenhower took pursuant to that legislation was in September or in October of 1960.

Mr. Latta. I think you will find it was in July.

Mr. Ball. I thought I had a statement which detailed these things but I think I can come close enough. If we start in July of 1960, then, with the action taken with regard to sugar, three months later, which was in October, there was an order prohibiting the export of United States goods to Cuba except only for limited foods and medicines. This was taken pursuant to the Export License Control Act.

Mr. Latta. If I may interrupt for clarification. That was taken under the Export Control Act where you had to get a specific license. Under the general licensing provisions they could still ship to Cuba as I understand it without a license. Is that correct?

Mr. Ball. Yes, but only for the accepted items which

were limited, the unsubsidized foods and medicines, as I recall it.

Then in February of this year President Kennedy--

Mr. Latta. What happened in 1961? That was back in 1960.

Mr. Ball. That is right. During 1961 the ^{economic} situation remained more or less as it had been. There was a substantial elimination of exports to Cuba from the United States. The Cuban sugar ^{imports} purchases were ^{prohibited} restricted. Some Cuban goods were coming in from the United States, ^{mostly} tobacco and molasses.

Mr. Latta. You say there were restrictions ^{put on} importation of sugar. You meant in 1960 and not 1961?

Mr. Ball. That is right.

Mr. Latta. That was as a result of action ^{we} took in 1960.

Mr. Ball. That is right, July of 1960, so you had these two actions taken in July of 1960 and October of 1960.

So far as 1961 was concerned the ^{same} situation ^{remained} as it had been, that the sugar sales were cut off, the exports were practically all stopped. There were some imports coming in which were primarily tobacco and molasses and some fresh fruits and vegetables.

These were stopped in February of 1962 when the President put on what amounted to a complete embargo on Cuban trade except for the medical supplies and a small

amount of ^{was} unsubsidized food.

Mr. Latta. If I may interrupt again, Mr. Secretary, just to clarify the record, these things which happened in 1961 about which you are talking, the reduction in sugar and the reduction in exports to Cuba from this country, were the result of actions taken in July and October of 1960?

Mr. Ball. That is right.

Mr. Latta. No specific new action was taken in 1961. Then on February 3 President Kennedy by Executive Order cut off all trade except for medicine and a few incidental items to Cuba, February of this year?

Mr. Ball. There had been some voluntary measures taken during 1961 ^{by} with the molasses trade to cut off ^{at the request of President Kennedy} the molasses shipments.

Mr. Latta. I recall that. There was a lot of discussion about that, trading molasses or something so that some of these companies could get some benefits from it. I understand that.

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Now coming to this meeting at Punta del Este on page 5 of your statement your statement you point out that the Punta del Este meeting OAS foreign ministers agreed to prohibit trade with Cuba in arms and implements of war.

So the record is straight, Mr. Chairman, if I may at this point refer to Secretary Rusk's statement when he was before this Committee on February 5, he made a statement that -- I asked the question "Have any other countries indicated they intend to take the same action we took on February 3rd toward Cuba," and the Secretary replied, "We do not have information from any other countries of this hemisphere on that point. Actually, the trade as such is being handled on the basis of a recommendation by the council of the organization for arms and traffic in arms."

And following that I asked the Secretary "Isn't it a fact that most of the arms and implements of war that Mr. Castro is receiving are from the Soviet Bloc?"

The Secretary replied, "That is correct, sir."

And I said, "So actually these foreign ministers who voted to immediately suspend all trade with Cuba in arms and implements of war didn't actually give up anything, did they?"

The Secretary replied, "They did not give up any trade which they were then sending to Cuba but what we are talking about is onward shipment of these arms from Cuba to anywhere else in this hemisphere and that is a very important aspect of it."

So, actually, when we got the agreement at Punta del Este from these other countries in Latin America to cut off arms and implements of war, our record is pretty clear that they weren't giving up very much.

Now, pursuing that one step further, have we since that meeting and since the Secretary was before our Committee, had any successes in getting these other countries of Latin America to cut off trade other than what I have already indicated?

Mr. Ball. The Punta del Este Resolution to which the Secretary referred provided not only for immediate suspension of trade in arms and implements of war with Cuba, but it also provided that the council should study the feasibility of extending this suspension of trade to other items.

Now, in fact what has happened is that there have not been shipments of strategic items which is what the council is charged with; that the total trade of these other countries with Cuba has dropped to the point where it is less than a fourth of what it was and where it is no significant factor all in the Cuba situation.

Mr. Latta. Then we have had some success in this study that was to be made on that score and that is getting these other Latin American countries to cut down on their trade with Cuba?

Mr. Ball. That is right.

Mr. Latta. I am very glad to hear that.

Mr. Ball. And I may say this is a continuous matter. This is again one of the subjects which has been considered yesterday and today in the meeting of the foreign ministers which is now in progress.

Mr. Latta. Are you at liberty to say in public hearing what our success has been to date in trying to negotiate with the United Kingdom on this Cuban trade problem?

Mr. Ball. I spoke to that a moment ago and it is already in the record.

Mr. Latta. That is all, Mr. Chairman.

Mr. Kitchin. Are there any further questions?

I would like at this particular time to call attention to the fact that our esteemed colleague, Mr. Paul Rogers of Florida, has been very interested in this matter over the period of the last several weeks and months, and I want to congratulate him for giving his attention to this Committee's hearing. He has been sitting here throughout the whole procedure and we thank him for being here. It has been very gratifying to this Committee to have had his support.

I would like to put in the record at this point a telegram received from Mr. William V. Bradley, President, and Thomas W. Gleason, Executive Vice President, International Longshoremens Association, AFL-CIO, who expressed regrets at their inability to be present yesterday and will file a

statement and this statement should follow the telegram that I am putting in the record at this time.

(The telegram follows:)

OCTOBER 2, 1962

THE HON A PAUL KITCHIN

HOUSE SELECT COMMITTEE ON EXPORT CONTROL

ROOM 313-A HOUSE OFFICE BLDG (CANNON BLDG)

WASHINGTON, D. C.

DUE TO MEETING WITH PRESIDENTIAL BOARD OF INQUIRY CONCERNING THE LABOR DISPUTE IN THE LONGSHORE INDUSTRY WILL NOT BE ABLE TO ATTEND HEARING TODAY. A STATEMENT FOR YOUR RECORD CONDEMNING TRADE WITH CUBA WILL FOLLOW OUR WIRE.

RESPECTFULLY,

WILLIAM V. BRADLEY, PRESIDENT

THOMAS W. GLEASON, EXECUTIVE

VICE PRESIDENT, INTERNATIONAL

LONGSHOREMENS ASSOCIATION,

AFL-CIO.

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(The statement follows:)

COMMITTEE INSERT

Mr. Kitchin. Mr. Secretary, I recognize it is 12:45, you haven't had lunch and you have had a busy day, but I would like to, if you don't mind, go into executive session for about ten minutes.

There are one or two items we would certainly like to clarify. At this time the Committee will go into executive session.

(Whereupon, at 12:45 o'clock p.m., the Committee proceeded in executive session.)

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